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C O N F I D E N T I A L ATHENS 001302

SIPDIS

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TAGS: [PGOV](#) [PREL](#) [GR](#)

SUBJECT: AMID ALLEGATIONS, MINISTER OF MERCHANT MARINE
RESIGNS

REF: ATHENS 1291

Classified By: Deputy Chief of Mission Deborah McCarthy for 1.4 (b) and
(d)

¶1. (U) Minister of Merchant Marine and Island Policy George Voulgarakis resigned as Minister on September 12 amid various allegations linking him to scandal, including his wife's ties to a controversial government/church land swap and his involvement in the creation of an off-shore company that purportedly was set up to avoid taxation of various business activities (reftel). Voulgarakis has not/not resigned as an MP -- preserving PM Karamanlis' two-vote majority in the three hundred seat Parliament. Voulgarakis also maintains his parliamentary immunity. When asked for comment, Government spokesman Roussopoulos confirmed the Prime Minister's acceptance of Voulgarakis' resignation, and he thanked Voulgarakis for his service.

¶2. (U) In a public statement, Voulgarakis said he was clean and "could have weathered this attack" but decided to resign to avoid being a distraction for the Karamanlis government.

¶3. (U) Media reports have suggested former Minister of Justice Anastassis Papaligouras will be named as his replacement, although the government has made no formal announcement. Papaligouras is a long-standing New Democracy (ND) politician, having been elected to Parliament from the Corinth region since 1981.

¶4. (C) Comment: We doubt that Voulgarakis' resignation will have much impact of the day-to-day work of the Karamanlis government. We expect Karamanlis to continue to press for his ambitious reform plans, seeking to put behind him allegations of scandal within his government. The opposition is likely to seize on the resignation as an opportunity to discredit the government and will likely continue to demand full accountability for all alleged improprieties, including this weekend when it takes its turn at the Thessaloniki International Trade Fair podium. It remains to be seen, however, whether such actions will actually resonate with the public, which -- according to recent polls -- is increasingly disillusioned with both the ruling ND party and major opposition PASOK. End Comment.
SPECKHARD